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Approved For Release 2004/06/24 : CIA-RDP79-00927A000100110001-0

NO. 309

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OCI NO. 8941

14 August 1953

CURRENT INTELLIGENCE WEEKLY



DOCUMENT NO. 12
NO CHANGE IN CLASS. ☐
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S C On 8/1
NEXT REVIEW DATE:
AUTH: 7-23-7
DATE: 7-23-7 REVIEWER: ☐ 25X1

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THE SOVIET WORLD

Soviet premier Georgi Malenkov utilized the meeting of the Supreme Soviet on 8 August to make the most important and realistic statement of current Soviet policy since Stalin's death, particularly with regard to internal affairs. In Ambassador Bohlen's opinion, the proceedings at the Supreme Soviet and the attitude of the other Soviet leaders indicated that Malenkov, an extremely able orator, is unquestionably the dominant figure in present Soviet leadership.

Malenkov particularly stressed the need for raising the living standard of the Russian people. He described the material welfare of the population as "the main task" of the current Five-Year Plan, and announced that production of consumer goods would be increased "at the expense of other sectors" of the economy. In another speech to the Supreme Soviet, S. A. Akopov, the new minister of machine building, revealed that this shift had already begun when he stated that his ministry was presently engaged in the production of sewing machines and bicycles.

In the field of agriculture, Malenkov announced important concessions to the Soviet peasantry apparently in order to combat their traditional indifference to the expansion of agricultural production. In particular, the farmers' private garden plots and the free collective farm markets will not only continue to exist but will be encouraged by the state. The government will pay more to the collectives for agricultural produce and will decrease taxes on individual holdings.

The appointment of presidium member M. Z. Saburov as head of economic planning-- a position he held previously for many years -- suggests that as an experienced and capable administrator he will implement the newly planned objectives and may play a key role in the reorganization of economic ministries which Malenkov indicated was under consideration.

With regard to the international situation, Malenkov appeared to be arguing that a detente in the cold war was feasible only if the present power position of the USSR in Europe and Asia was not challenged.

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He held out a promise of peace through a reduction of international tension by negotiation -- particularly with states bordering the Orbit. He added the familiar criticism of the North Atlantic bloc and the US government's cold-war tactics, reminding foreign governments they would have to meet the USSR halfway. He devoted particular attention to the menace of a revived German militarism in an evident attempt to convince the French that a bilateral agreement with Moscow might provide a security alternative to EDC.

Mentioning Beria's arrest only in passing, he pointedly warned that the new Soviet policies do not spring from weakness and supported this with an implication of Moscow's possession of the hydrogen bomb.

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THE 1953 SOVIET BUDGET

The new Soviet regime's 1953 budget (see chart, p. 8) provides for planned expenditures of 530.5 billion rubles or 15.3 percent above 1952. Of the five sectors in the budget -- national economy, cultural, administrative, military and undisclosed -- outlays are substantially larger for the national economy while direct military expenditures are planned at a lower level than in previous years. However, this reduction may be offset by additional military expenditures hidden in the undisclosed category.

The apparent decline in military outlays, the first since 1947, is a significant feature of the budget. In contrast to 16- and 18-percent increases planned for each of the preceding years, the 1953 military allocation is 3.2 percent below that for 1952. Even so, direct allotments to the military, not including defense outlays camouflaged in the budget, are still more than one fifth of total expenditures.

Because of the steady build-up since the war, Soviet military capabilities will not be significantly affected by the slight decrease in direct defense allotments, particularly since the drain of supplying armaments for the Korean war has ended. Moreover, expenditures on the atomic energy program, and other major research programs on new weapons as well as investments in war plants are not included in the direct military allocation. Such items, the largest of which is investments in munitions plants, may be on the order of 30 to 40 billion rubles.

Part of these are probably covered in the undisclosed expenditures, which are almost double those of the last two years and amount to 73.9 billions, or about 14 percent of the total. In past years a part of these appropriations supported not only military outlays but also the MVD and MGB administrations as well as government loan service and reserve funds.

Analysis of the budget indicates that in the nonmilitary sectors emphasis will continue on increasing industrial output. At the same time, however, the new government is taking measures to raise the level of consumption. Finance Minister Zverev's pledge to raise the standard of living, the budgeted increase of 25 percent in communal housing allocations, and the reduction in agricultural taxes are in line with earlier measures to accelerate planned increases in consumer goods availability and with the sharp reduction in April of consumer goods prices.

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Planned appropriations for the "national economy"-- outlays for development of industry, agriculture, transportation, and trade -- are to increase by 7.7 percent. In 1952 there was a small decline in these expenditures compared to 1951. Agriculture is to receive a slightly larger proportion of total investment than in 1952, but the investment within industry is to be "primarily in heavy industry."

Capital investment is scheduled to be 156.1 billion rubles or 9 percent more than last year.

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Planned expenditures for social and cultural purposes are to increase by seven billion rubles over last year, a slightly larger increase than in preceding years.

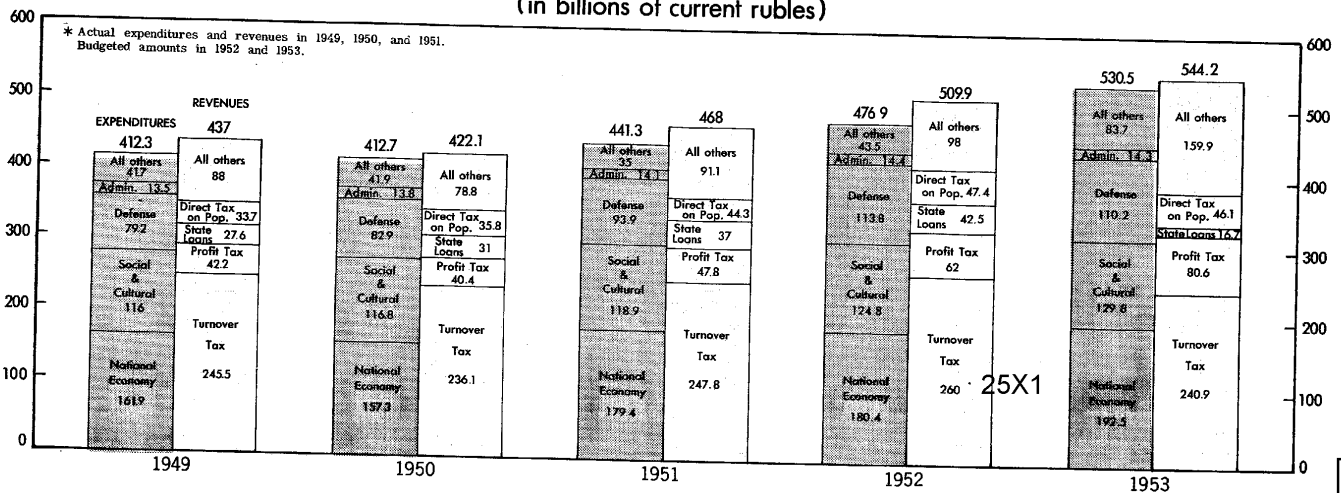
Total scheduled revenue in the 1953 budget is 544.2 billion rubles, a 9.2-percent increase over 1952. There is a decline of between 10 and 12 percent in revenues collected directly from the population through turnover taxes, direct taxes, and state loans. The decrease in revenue from the turnover tax of almost 20 billion is apparently due to lower turnover tax rates in connection with the April price reductions. The size of the revenue from unexplained "other sources" also is unusually large, comprising almost 30 percent of the total. The planned budget surplus is only 12.8 billion rubles, less than half that of last year.

Large unknown categories make the 1953 budget a less precise indicator of Soviet economic intentions. Evidently the Soviet Union has decided to make a vigorous effort to increase the rate of growth of consumer goods production and distribution. If this shift is implemented it will result in a lower rate of growth of investment and defense. Moreover, the planned level of budgetary expenditures is likely to be underfulfilled unless there has been a change in budget accounting coverage.

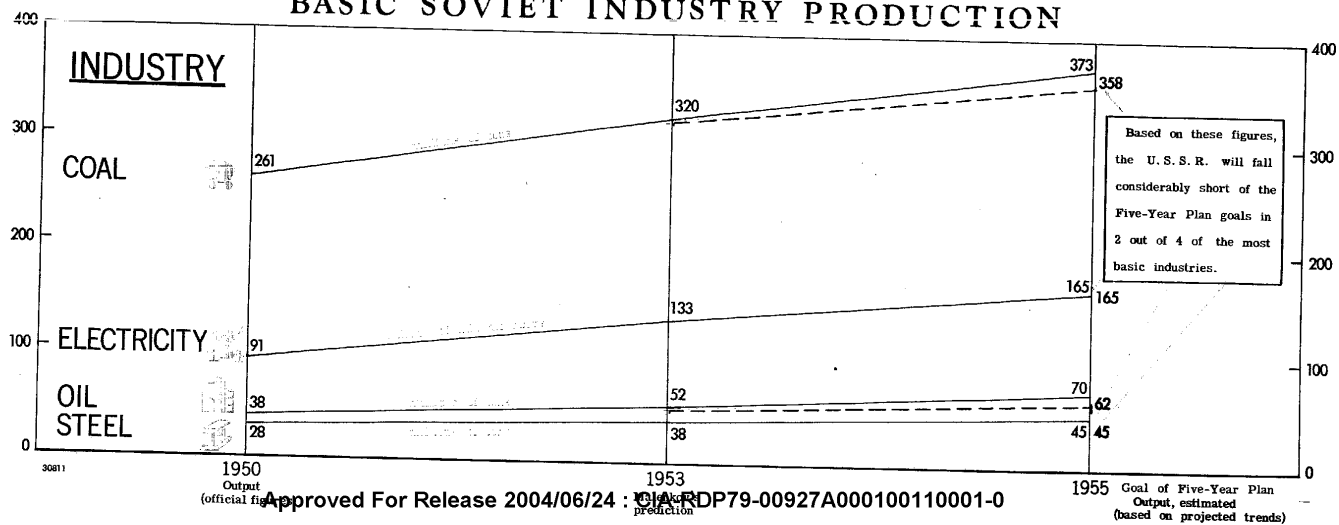
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SOVIET BUDGETS, 1949-1953*

(in billions of current rubles)



BASIC SOVIET INDUSTRY PRODUCTION



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WESTERN EUROPEAN REACTIONS TO THE 4 AUGUST SOVIET NOTE

Both government and press comment in the Western European nations principally affected by the 4 August Soviet note on four-power talks characterize it mainly as an attempt to exploit Western differences, particularly over Germany and Communist China. Some observers see it as reflecting indecision on Moscow's part.

France did not greet the note as a further contribution to the relaxation of East-West tensions and the Foreign Ministry confided that a few days earlier an approach by the Soviet ambassador for bilateral talks on Germany had been rebuffed. A high official of the ministry remarked, however, that his government foresaw a prolonged "battle of notes." Since Foreign Minister Bidault had emphasized in the mid-July Washington talks that the possibilities for an East-West accord must be thoroughly explored before EDC ratification, there may now be even more delay on the government's part in pressing for National Assembly approval of the EDC treaty.

The French press noted, somewhat regretfully, that American opposition precluded for the present Peiping's inclusion in big-power talks; and a Foreign Ministry official more guardedly expressed a similar sentiment. There have, however, been indications for some time of a growing French desire to lighten the Indochina burden either through big-power talks, including Peiping, or through the Korean political conference.

In West Germany, the Soviet note has had none of the unsettling effects that had been feared. Chancellor Adenauer countered the Soviet "proposals" immediately by asking pointed public questions about the practical steps involved in unification, such as free all-German elections, German participation in drafting a peace treaty, and Soviet willingness to grant freedom of action to a unified Germany.

The opposition Social Democrats, whose leader also admits that free elections must be the first concrete step toward German unity, were able to emphasize only the USSR's expressed willingness to participate in a conference. At this point in the campaign for the 6 September national elections, the Soviet note has helped Adenauer rather than his opponents.

In Britain, the Foreign Office saw the inconsistencies of the Soviet note as offering an opportunity for a strong Western reply, but suggested that this should not appear to reject the Soviet "proposals" summarily.

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THE NEW SOVIET REGIME'S POLICY TOWARD JAPAN

The impact of the Korean truce will have immediate psychological and political repercussions and serious economic implications for Japan which the Communists will make every effort to exploit in the coming months. Malenkov's statement on 8 August, attaching special significance to the normalization of relations with Japan and welcoming any steps the Japanese might take to throw off American "domination," underscores the likelihood that Soviet policy will be designed to encourage the Japanese into taking the initiative toward a peace settlement.

As yet neither the Soviet Union nor Communist China has offered Japan any political or economic concession which it might logically accept as a basis for negotiation with the bloc. Recent Communist gestures appear to be aimed primarily at encouraging popular resentment against the Yoshida cabinet and the US, exploiting growing nationalist sentiment, and reducing distrust of the Communists.

Chinese Communist by-passing of the Tokyo government in offers of trade and in the repatriation of Japanese nationals precluded any official response. With the exception of a barter arrangement to exchange Sakhalin coal for Japanese fishing vessels and ship repairs, Soviet overtures have been largely within the framework of propaganda activities, such as a contribution of \$10,000 to flood relief, and the release of letters from Japanese prisoners of war in the Soviet Union.

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Premier Malenkov's statement that the Korean armistice creates a basis for normalizing relations supports these assurances. In order to gain popular support in Japan, Moscow might return the 1,487 prisoners admittedly held in the USSR, offer favorable trade arrangements, renew prewar fishing privileges, or return some of the minor islands in the Habomai-Kurils area.

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Both the USSR and Communist China undoubtedly recognize that the lure of trade with China is the most attractive inducement they can offer. The Japanese are inclined to overestimate the possibilities of trade with mainland China and Manchuria because of the role that market played in the prewar Japanese economy.

Tokyo may find it increasingly difficult to resist popular demands for regularizing economic and diplomatic relations with the Orbit. Japanese policy makers believe some form of working relations with the bloc is necessary for economic reasons. In addition, nationalistic sentiment for a more "independent" foreign policy from the United States may impel them toward closer relations. However, Japanese officials are of the opinion that Malenkov's recent statement does not accord the San Francisco treaty the recognition they feel is necessary for the reopening of normal diplomatic relations.

Soviet efforts toward a rapprochement with Japan will be aided by the Japanese Communist Party. Concurrently Communist party activity and Soviet propaganda will be directed toward preventing rearmament and encouraging hostility against the United States while awaiting the results of political and economic adjustments which the Communists estimate will reduce Japan's ability to resist their demands.

While it is likely that the Soviet Union will consult with Communist China before moving to terminate the technical state of war and restoring diplomatic relations, the first formal step toward the regularization of Japanese-Orbit relations will probably come from Moscow. Such a move would also enable the Kremlin to channel formal Chinese contact with Japan through Moscow and guard against the development of a Chinese power position independent of Moscow control.

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NEW ELEMENTS IN THE AUSTRIAN TREATY SITUATION

For the first time in the six-year history of the Austrian treaty negotiations the Western powers, which are now discussing their replies with the Austrian government to the Soviet notes of 29 and 30 July, cannot assume Vienna's uncritical support for their tactical approach. During the past several months, Austrian leaders have shown a new tendency to concern themselves with purely Austrian as opposed to Western interests, and despite the 4 August Soviet note subordinating the Austrian to the German question, apparently hope this new approach will bear fruit.

This lagging support for Western efforts to end the occupation originates in the conviction of many Austrians that the previous situation was hopeless. Despite their pro-Western orientation and general awareness of Soviet obstruction of a treaty, the Austrians are increasingly critical of the West for "allowing" such a situation to develop. Meanwhile, Soviet conciliatory gestures, such as the renunciation of occupation costs payments on 30 July, have stimulated the nationalistic responses of Austrian leaders who have long pressed for such concessions.

The tendency to question the realism of Western policies has already been inclining the Austrian leaders to equate Austrian interests with attainment of a treaty of almost any sort. The Austrian government is extremely sensitive to any implication that the Western powers are subordinating the Austrian question to other world problems, "dragging heels" on the treaty, or adhering too rigidly to any tactical position. In view of this strong feeling, there is a strong possibility that the Austrian government will make further unilateral commitments to the Soviet Union.

These commitments already involve two critical treaty issues: the settlement of Soviet claims to German assets--the subject of the controversial Article 35 of the long draft of the treaty--and the possible "neutralization" of Austria. An agreement, for example, is believed to have been signed recently with respect to Soviet claims to the unfinished Salzburg-Vienna autobahn project, presumably with terms similar to those in the 17 June contract regarding the Ybbs-Persenbeug hydroelectric project. This contract, believed to have the validity of a treaty, stipulates that Austrian payment for the property shall be under the provisions of the draft Article 35.

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Although Austrian officials have denied entering into any other negotiations, there are persistent rumors to the contrary. Furthermore, the 30 June Austrian memorandum to Moscow which was published last week suggested that after a treaty had been signed Austria might meet Soviet compensation claims from its "own resources." Thus, official recognition seems to have been given the validity of Soviet demands for such compensation, even though the Western powers, in their abbreviated treaty proposal, had envisaged Soviet renunciation of these claims and still hope for their drastic revision.

On the neutralization question, some Austrian leaders apparently have not been entirely discouraged by Molotov's reputed statement last month that the USSR would not be satisfied with a simple pretreaty declaration of neutrality. Foreign Minister Gruber again told American officials in Vienna last week that he was thinking of a government declaration renouncing participation in any military pacts. In view of the current tendency of the Austrian government to act without consulting the West, some parliamentary action in the fall to this effect cannot be ruled out.

In the emergence of the Austrian government as an active rather than a passive participant in the treaty question, important personal and domestic political factors are involved. Most of the initiative for the independent approach appears to have come from Gruber

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Socialist leaders, however, aware of political advantages which may accrue to Chancellor Raab as a result of the government's new role, have accused the chancellor of being "overly thankful" for Soviet concessions and have complained to the American embassy of his "dangerous attitude." Although these leaders have apparently not disagreed with any specific move, they seem to feel that Raab is "unrealistic" and entirely too anxious for a foreign policy coup which might reverse the steady postwar trend away from his People's Party.

Failing some Soviet move unequivocally relegating the treaty to the dim future, Austrian leaders seem likely to continue intervening in the treaty question. Although this intervention has resulted in commitments the West will find difficult to revise, the Austrians appear proud of their activities, evidently feeling that, at worst, they can claim some credit for alleviating the burden of a continued occupation.

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COMMUNISTS MAKE IMPORTANT GAINS IN INDONESIA

Policy statements by members of Indonesia's new Communist-influenced cabinet already indicate the leftist course which the government had been expected to pursue. The mounting political confusion gives the Communists the opportunity to make considerable gains. Other possible consequences are a coup by the army and police, and serious economic deterioration (see chart, p. 16).

The present crisis began when the two largest political groups, the Masjumi and the National parties, which had hitherto cooperated in forming cabinets, finally split, chiefly because of the latter's increasing cooperation with the Communist Party.

The new cabinet, which excludes the Masjumi, was created by the National Party with Communist support. Although the cabinet includes no Communist Party members, it will be susceptible to Communist direction. Refusal to follow a line dictated by the Communists would result in the defection of Communist-influenced representatives and the fall of the cabinet. To overcome the parliamentary majority held by the government parties and the Communist bloc, the Masjumi must subvert at least two of the small moderate groups now in the cabinet.

Communist sympathizers have been appointed to the ministries of defense, labor, finance, economics, and agriculture. The new ministers of foreign affairs and communications have extreme leftist views. Premier Ali Sastroamidjojo, former ambassador to the United States, a Nationalist with reported moderate leanings, was appointed as "window dressing."

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Anti-Western policies are already evident in statements by several cabinet ministers. The foreign minister has pledged to establish an embassy in Moscow, support Communist China in seeking admission to the UN, and to continue TCA and Colombo Plan aid only if a government investigation proves that it is advantageous to Indonesia. He has also promised abrogation of the Netherlands-Indonesian Union agreement. Statements by the ministers of finance and economic affairs strongly indicate that efforts will be initiated to expand trade with the Soviet

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Orbit and will include renewed offers of rubber to Communist China. Remarks on foreign investment presage increased difficulties for Western companies now active in Indonesia.

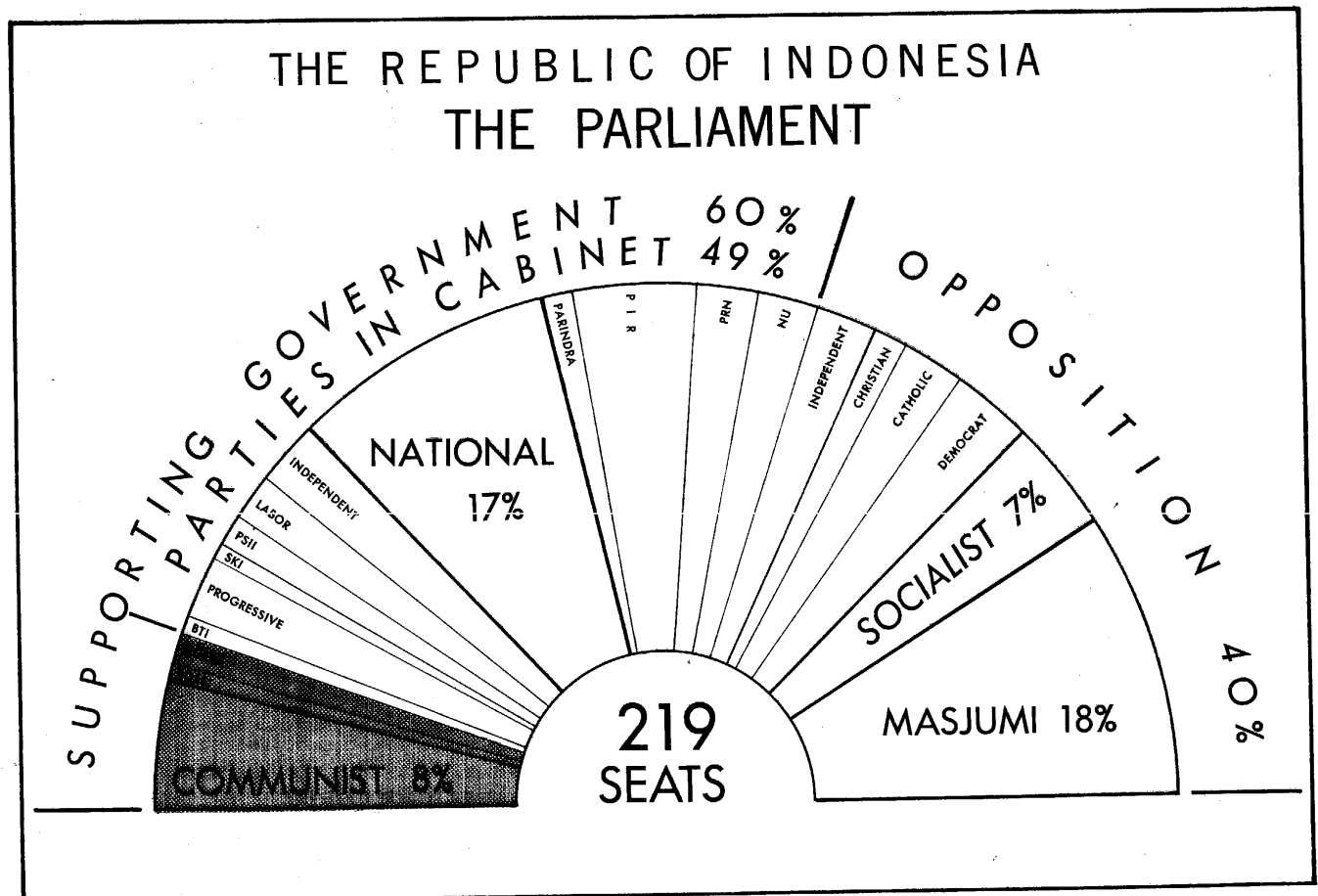
If the new cabinet stays in power, Indonesia's first elections, now scheduled for 1954, will in all probability be postponed. Both the Nationalists and the Communists recognize that they have less popular support than the Masjumi and are fearful that their representation in the present appointed parliament will be greatly reduced in an elected body.

Undoubtedly, the new cabinet plans quietly to purge anti-Communist personnel on the various ministerial staffs and in the army. The most important army leaders are pro-West and may resist by attempting a coup to take over the government, possibly on 17 August, Indonesia's independence day. They would be assisted by the National Police Force, which is largely American-armed and which has been the backbone of anti-Communist security activity. A number of additional army and police units are already in Djakarta for the independence day parade, and so will be available if rightist leaders want to use them.

Even if there is no military coup, some observers feel the cabinet will fall after three or four months as a result of growing political opposition in parliament. It is quite possible, though, that the new government will last much longer since it seems to have the blessing of President Sukarno, whose influence has often been decisive in Indonesian politics.

The present situation is further complicated by deteriorating economic conditions caused mainly by the slump in the price of rubber, Indonesia's chief export, and reduced output of other exports. The present cabinet, in addition, is expected to pass nationalization and labor laws which would cripple Indonesia's export economy and further aggravate the slump.

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THE CHANGE OF GOVERNMENT IN INDIAN-HELD KASHMIR

Despite official Indian denials that New Delhi was involved, the dismissal and reported arrest on 9 August of Prime Minister Sheikh Abdullah, Revenue Minister Beg, and about 30 other officials in Indian-held Kashmir represents an apparently successful Indian attempt to regain control of a political situation that was rapidly getting out of hand.

Indian prime minister Nehru's 10 August statement in parliament that his government had for some time been advising Kashmiri officials on means of stabilizing the situation indirectly gives the lie to claims that India had no foreknowledge of recent events.

Political instability in Kashmir began to develop over a year ago with a three-way cabinet split. This involved Abdullah, who was seeking a maximum of personal power through advocacy of independence or semi-autonomy for Kashmir, Bakshi, who was then deputy prime minister, and Mirza Afzal Beg and Ghulam Sadiq, revenue minister and president of the Kashmir Constituent Assembly respectively. Both Beg and Sadiq are suspected Communists who were interested primarily in undermining both Abdullah and the government of India.

The situation was aggravated by the agitation for the complete accession of Kashmir to India, which began in November 1952 under the inspiration of two rightist Hindu organizations, the Praja Parishad in Kashmir and the Jan Sangh in India. It was further unsettled by the reappearance in mid-1953 of pro-Pakistani Kashmiri elements who had been silent for some five years.

It apparently came to a head in early July, when Nehru was preparing to meet the Pakistani prime minister in Karachi to discuss Indo-Pakistani disputes. At that time, Nehru was apparently unsure of his hold over Kashmiri affairs. He therefore presumably decided to support Bakshi in establishing a regime of known loyalty to India.

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25X1 Government officials, public figures, and the press in both India and Kashmir have directly and indirectly accused "foreign powers," and in some instances the United States specifically, of conspiring with Sheikh Abdullah to make Kashmir an independent state. [redacted] the government claims to have documentary proof of American intrigues. These charges have been used to explain why a shift of government in Kashmir became necessary. According to the American embassy, Indian officials and the public are convinced of American interference.

As the embassy suggests, the accusations may have been manufactured in India merely to provide a credible excuse for dismissing Abdullah. The embassy reports the Indian belief that the United States can be blamed without fear of retaliation.

The Kashmiri security forces have demonstrated their ability to control the few, sporadic protest demonstrations that have taken place. Prime Minister Bakshi, with the strong Indian support being given him, should be able to deal with Sheikh Abdullah's personal following. He should also be able to silence the newly vocal pro-Pakistani elements who have just reorganized themselves politically. He may have trouble with the Communists unless they are quickly evicted from government positions. He will have to produce visible political and economic reforms to prevent the growth of existing popular unrest over conditions within the state, however.

Pakistan's reaction to the Indian maneuver has to date been relatively mild. Pakistani officials have emphasized that Indo-Pakistani relationships on Kashmir have not been changed materially. The government is trying to minimize adverse public and press comment. However, Prime Minister Mohammad Ali has requested an immediate meeting with Nehru, to be held not later than 17 August. According to the Paris radio, Nehru has said he would be glad to see the Pakistani prime minister at any time but that discussion of the changes in Kashmir would be "useless," since they are strictly a matter for the Kashmiris themselves.

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IMPLICATIONS OF ISRAEL'S TRANSFER OF ITS
FOREIGN MINISTRY TO JERUSALEM

Israel's transfer of its Foreign Ministry from Tel Aviv to Jerusalem on 12 July has increased the tensions between the Arabs and the Israelis. Although the Western powers and the Arab states are opposed to the move, the lack of effective countermeasures will probably enable Israel to maintain its position.

For the Israelis, the transfer represents the last step in establishing their capital in the Jewish-held section of Jerusalem, where most of the government offices have been functioning for over three years. Israel may have timed the move to offset any possible new steps to internationalize Jerusalem resulting from Secretary Dulles' recent statement that the religious significance of the city to Islam, Judaism and Christianity overrode its importance to any individual nation. The Ben Gurion government may also have felt that the recent restoration of diplomatic relations with Moscow would give it added strength to face any opposition.

Domestic support for the Israeli government's action is firm. Segments of the press, however, have voiced the fear that since the transfer comes at a time when relations with Moscow have been renewed, it may give the appearance that Israel is turning to the USSR, and thus jeopardize support from the West.

The intentions of the Orbit countries are not clear, but indications are that the Soviet and Satellite missions will for the time being remain in Tel Aviv. All the Arab states except Jordan, which opposes internationalization, have officially protested to the United States as well as to the UN; and Iraq is urging the General Assembly to discuss the issue this fall. Jordan's efforts to counter Israeli tactics by moving some of its government offices to the Jordanian-held section of Jerusalem breaks the otherwise united Arab front, however, and lays the Amman government open to charges similar to those now leveled against Israel. A further complication is added by the possibility that Arab League meetings may be held in the Old City and that the ex-mufti of Jerusalem may re-establish himself there.

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The Western nations, standing firmly on the 1949 UN resolution for internationalizing Jerusalem, are charged by the Arabs with responsibility for the new situation. Led by Charles Malik of Lebanon, the Arabs maintain that since Israel's chief support comes from the US, the American government is responsible for the violation.

The longer Israel maintains its new position without encountering effective opposition, the more difficult it will be for Western missions to refuse to deal with Israeli officials in Jerusalem.

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SINO-SOVIET RELATIONS SINCE STALIN'S DEATH

There does not appear to have been any fundamental change in the Sino-Soviet relationship since Stalin's death. Although Peiping has apparently been asserting a new stature in the Soviet bloc, it may now be modifying this claim.

Immediately following Stalin's death, Communist China expressed its confidence in the new Soviet leadership and in continuing Sino-Soviet solidarity. It has reaffirmed this confidence on several occasions, most recently and emphatically in comment on Beria's downfall and the 50th anniversary of Bolshevism.

So far as can be judged, Peiping has continued faithfully to follow the Soviet lead in both foreign and domestic affairs. For example, the USSR and Communist China still appear in agreement on the conduct of the Korean war, and recently Peiping has taken up the Soviet line on "collective leadership."

In any case, Peiping's economic dependence on Moscow considerably reduces its prospects for political independence. China's five-year national construction program, begun this year, will depend heavily for its success on Soviet advisory and technical aid and Soviet bloc industrial equipment. The very launching of the plan suggests an intention to remain oriented toward Moscow.

Similarly, both Moscow and Peiping have indicated that they plan to develop a modern Chinese army and air force and improve the weak navy. There are several thousand Soviet military advisers in China, and Peiping relies almost completely on the Soviet bloc for weapons and ammunition. The Chinese Communist air force, almost entirely a Soviet creation, is continuing to expand.

Sino-Soviet negotiations regarding economic and military aid began in August 1952, continued into 1953, and may not yet be completed. Their length and the failure to announce agreements for increased aid are insufficient grounds for concluding that Moscow is not meeting Peiping's demands.

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There has been some evidence since Stalin's death of increased Chinese self-confidence. For example, Chinese comment has not presented any Soviet leader as an ideological guide, has made fewer references to Soviet material assistance, and has not taken the obsequious tone often noted in the past.

Similarly, in recent months Peiping has made several references to the "thoughts of Marx, Lenin and Mao," thus eliminating Stalin and failing to replace him with a current Soviet leader. Moreover, references to Peiping's leading role in the Far East have reappeared in their most emphatic form since 1952.

While by June Soviet propaganda had clearly established a line opposing the "worship of individuals," Chinese eulogies of Mao Tse-tung reached an all-time high in June and July. It was publicly asserted, for example, that China was entering a period of glory identified with Mao's personal rule, "the era of Mao Tse-tung."

A review of Peiping's broadcasts since the early July announcement of Beria's downfall, however, reveals a greatly increased Chinese awareness of the Soviet emphasis on "collective leadership." In the same period there has been a marked decline in Peiping's praise of Mao Tse-tung's personal leadership. The past month's trend suggests that Peiping may be in the early stages of withdrawing any claim to enhanced stature for the regime as well as for Mao.

The USSR appeared to recognize an increase in Peiping's prestige immediately after Stalin's death. Unusual consideration was given the Chinese in the Soviet press and at the funeral ceremonies, and in naming a full member of the Soviet party's Central Committee as ambassador to Peiping.

Since late March, however, the USSR has confined itself publicly to such gestures as praising Chinese "success" in Korea, calling for Peiping's participation in international discussions and endorsing its claim to China's UN seat and to sovereignty over Formosa.

Even if Peiping resumes the development of a claim to enhanced stature, the strong Sino-Soviet bonds make it unlikely that it will assert its capabilities for independent action so long as Moscow continues to be reasonably tactful and to provide substantial economic and military aid.

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